IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

NFL PROPERTIES LLC and PITTSBURGH STEELERS SPORTS, INC,
Plaintiffs,
v.

NICHOLAS WOHLFARTH and JENNIFER WOHLFARTH D/B/A TURTLE CREEK SPORTSWEAR,
Defendants

No. 05-0067

RESPONSE TO MOTION FOR SANCTIONS DATED JANUARY 3, 2011

U.S. District Judge Terrence F. McVerry

Filed on Behalf of Defendant:

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UNITED STATES DISTRICT COURT FOR WESTERN DISTRICT OF PENNSYLVANIA

NFL PROPERTIES LLC and PITTSBURGH STEELERS SPORTS, INC, Plaintiffs, **v.** **NICHOLAS WOHLFARTH and JENNIFER WOHLFARTH D/B/A TURTLE CREEK SPORTSWEAR, Defendants**	**No. 05-0067** **U.S. District Judge Terrence F. McVerry**

RESPONSE TO MOTION FOR SANCTIONS DATED JANUARY 3, 2011

AND NOW comes Defendants, Nicholas Wohlfarth and Jennifer Wohlfarth, and by and through their counsel, W. J. Helzlsouer, Esquire, files an Response To Motion For Sanctions Dated January 3, 2011, the following is a statement thereof:

1. Admitted. It is admitted that on January 21, 2005, Plaintiffs commenced this action against Defendants Nicholas Wohlfarth and Jennifer Wohlfarth d/b/a Turtle Creek Sportswear (collectively, "Defendants") alleging, inter alia, that Defendants had violated Plaintiffs' exclusive trademark rights in names, logos, uniform designs, colors and other indicia used to identify the Pittsburgh Steelers (the "NFL Marks"). It is denied that any actions taken since the entry of a final order violated the final order in the case.

2. Denied as stated. It is admitted that 2. On October 11, 2005, the Court entered a "Final Order and Judgment on Consent" (the "Final Order"). Said order specifically stated that the final order provided as follows:

   IT IS HEREBY ORDERED that Defendants, including their officers, agents, servants, employees, subsidiaries, parents, related companies, affiliates and all persons or entities acting in concert or participation with them, are permanently enjoined and restrained from:

   (a) making any unauthorized use of the NFL Marks or any confusingly similar variations thereof, including, but not limited to, the Pittsburgh Steelers' word marks and hypocycloid diamonds logo design, in any manner likely to cause consumers to believe that Defendants' services, products or activities are in any way endorsed, sponsored, licensed or authorized by or affiliated or connected with Plaintiffs; and

(b) using any other false designation of origin or false description or representation or any other thing calculated or likely to cause confusion or mistake in the mind of the trade or public or to deceive the trade or public into believing that Defendants' services, products or activities are in any way endorsed, sponsored, licensed or authorized by or affiliated or connected with the NFL or its Member Clubs, including, but not limited, to the Pittsburgh Steelers,

3. Denied. Defendants deny manufacturing, distributing and/or selling apparel bearing the NFL Marks, including merchandise identical or so closely similar to the merchandise as to violate the order. The order is specific as set forth in paragraph two, supra. Defendants did not make any unauthorized use of the NFL Marks or any confusingly similar variations thereof, including, but not limited to, the Pittsburgh Steelers' word marks and hypocycloid diamonds logo design, in any manner likely to cause consumers to believe that Defendants' services, products or activities are in any way endorsed, sponsored, licensed or authorized by or affiliated or connected with Plaintiffs. No reference to football, the National Football League or the Steelers appears in any of the exhibits attached to the Motion. The merchandise in question uses the word Pittsburgh, which is the name of city in which the National Football League has a franchise. The hypocycloid is a symbol of the steel industry and is associated with the City of Pittsburgh.

4. Admitted. Defendants admit to receipt of the letter dated November 23, 2011. The letter requested that Defendants:

> 1. That you surrender for destruction, or other disposition, all unlicensed merchandise in your possession, custody or control, including those infringing products in the possession, custody or control of any parents, subsidiary or affiliated entities, bearing NFL Trademarks as well as all advertising and promotional materials relating thereto.
>
> 2. That you provide the number of counterfeit products bearing NFL Trademarks you have sold, the price charged per item, copies of invoices, purchase orders and shipping documents relating thereto and any other documents in your possession relating to your sale of counterfeit products.

> 3. That, if you are not the manufacturer, you provide us with the names and addresses of your suppliers of such counterfeit products.
>
> 4. That you confirm, in writing, that any and all manufacture, importation, sale and distribution of counterfeit NFL merchandise by you has been discontinued and will not resume at any time in the future.

Defendant at no time had in their possession “unlicensed merchandise in your possession, custody or control, including those infringing products in the possession, custody or control of any parents, subsidiary or affiliated entities, bearing NFL Trademarks.

Defendants at no time had counterfeit products bearing NFL Trademarks or sold counterfeit products.

5. Admitted.
6. Admitted.
7. Admitted.
8. Admitted.
9. Denied. Defendants deny that any of the products in question bear NFL marks or are unauthorized merchandise.
10. Denied. It is specifically denied that the Defendants are in violation of the final order. No reference to football, the National Football League or the Steelers appears in any of the exhibits attached to the Motion. The merchandise in question uses the word Pittsburgh, which is the name of city in which the National Football League has a franchise. The hypocycloid is a symbol of the steel industry and is associated with the City of Pittsburgh.

WHEREFORE, Defendants respectfully request that this Honorable Court dismiss the Motion.

And will they ever pray.

NEW MATTER

11. Defendants incorporate by reference the averments of paragraphs one through ten, *supra*.

12. Plaintiff's have registered as a trade mark the following:

A true and correct copy of the Steelers registration as of January 17, 2011 is attached hereto incorporated by reference, and marked Exhibit "1."

13. The History of the Steelers Logo as set forth on the Steelers Website[1] is as follows:

The Steelers logo is based on the Steelmark logo belonging to the American Iron and Steel Institute (AISI). Created by U.S. Steel Corp. (now known as USX Corp.), the logo contains three hypocycloids (diamond shapes).

In the 1950s, when helmet logos became popular, the Steelers added players' numbers to either side of their gold helmets. Later that decade, the numbers were removed and in 1962, Cleveland's Republic Steel suggested to the Steelers that they use the Steelmark as a helmet logo.

When the Steelmark logo was created, U.S. Steel attached the following meaning to it: Steel lightens your work, brightens your leisure and widens your world. The logo was used as part of a major marketing campaign to educate consumers about how important steel is in our daily lives.

The Steelmark logo was used in print, radio and television ads as well as on labels for all steel products, from steel tanks to tricycles to filing cabinets.

In the 1960s, U.S. Steel turned over the Steelmark program to the AISI, where it came to represent the steel industry as a whole. During the 1970s, the logo's meaning was extended to include the three materials used to produce steel: yellow for coal, orange for ore and blue for steel scrap. In the late 1980s, when the AISI founded the Steel Recycling Institute (SRI), the logo took on a new life reminiscent of its 1950s meaning.

The Steelers had to petition the AISI in order to change the word "Steel" inside the Steelmark to "Steelers" before the logo was complete.
The Steelers are the only NFL team that sports their logo on only one side of the helmet. At first, this was a temporary measure because the Steelers weren't sure they would like the look of the logo on an all-gold helmet. They wanted to test them before going all-out.

[1] http://news.steelers.com/tradition/logohistory/

Equipment manager Jack Hart was instructed to put the logo only on one side of the helmet - the right side. The 1962 Steelers finished 9-5 and became the winningest team in franchise history to date. The team finished second in the Eastern Conference and qualified for the Playoff Bowl. They wanted to do something special for their first postseason game, so they changed the color of their helmets from gold to black, which helped to highlight the new logo.

Because of the interest generated by having the logo on only one side of their helmets and because of their team's new success, the Steelers decided to leave it that way permanently.

Today's helmet reflects the way the logo was originally applied and it has never been changed.

14. The Steelers acknowledge that the hypocycloid "represents the steel industry as a whole."[2]

15. To establish trademark infringement within the meaning of the Lanham Act

Section 1114(1) in turn requires a showing that the defendant's actual practice is "likely to cause confusion, or to cause mistake, or to deceive" consumers about the origin of the goods or services in question, see, *e.g., Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U. S.

[543 U.S. 112]
763, 780. Thus, a plaintiff claiming infringement of an incontestable mark must show likelihood of consumer confusion as part of the prima facie case. [3]

16. Defendants would submit that no such showing is before this court.

17. To establish trademark infringement within the meaning of the Lanham Act, requires a demonstration that the item or items in question are:

> "likely to cause confusion among consumers regarding the origin [of the Singlecut]." *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir.1997) (citing 15 U.S.C. § 1114). We determine whether such confusion is likely by examining the eight *Frisch* factors: (1) "strength of the plaintiff's mark," (2) "relatedness of the goods or services," (3) "similarity of the marks," (4) "evidence of actual confusion," (5) "marketing channels used," (6) "likely degree of purchaser care," (7) "the defendant's intent in selecting its mark," and (8) "likelihood of expansion of the product lines." *Jet*, 165 F.3d at 422 (citing *Frisch's Rests., Inc. v. Elby's Big Boy of Steubenville, Inc.*, 670 F.2d 642, 648 (6th Cir.), *cert. denied*, 459 U.S. 916, 103 S.Ct. 231, 74 L.Ed.2d 182 (1982)).[11] In conducting the *Frisch* balancing test, we must remember that "[t]hese factors imply no mathematical precision, but are simply a guide to help determine whether confusion is likely." *Homeowners Group, Inc. v. Home Mktg. Specialists, Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991).[4]

[2] http://news.steelers.com/tradition/logohistory/
[3] Kp Permanent Make-up, Inc. v. Lasting Impression I, Inc., 543 U.S. 111, 112 (2004)
[4] Gibson Guitar Corp. v. Paul Reed Smith Guitars, Lp, 423 F.3d 539, 548 (Fed. 6th Cir., 2005)

18. Defendant would submit that the National Football League has taken an extreme position such that any product which in anyway would conjure in the mind of the consumer the Steelers, Football or Pittsburgh sports in general is infringing on their trademark. The National Football League has a rapacious appetite which in its desire for profits seeks to damage a local and small businessman providing employment with the manufacture of products locally.

19. Defendants would submit that:

    a. "strength of the plaintiff's mark," is such that its understanding as a symbol of the steel industry in the City of Steel (Pittsburgh) is such that no confusion would result;

    b. "relatedness of the goods or services," the NFL is in the business of football and no such references are found in the hypocycloid goods;

    c. "evidence of actual confusion," has not and cannot be shown;

    d. "likely degree of purchaser care," is such that no purchaser would believe the NFL is producing goods without reference to the National Football League or Football

    e. Surely the NFL does not claim exclusive possession of the name "Pittsburgh."

20. Defendants have entered into discussions with the attorney for Hines Ward and have received a response which is attached hereto incorporated by reference, and marked Exhibit "2."

21. Section 35 of the Lanham Act permits courts to grant injunctions

> "according to the principles of equity and upon such terms as the court may deems reasonable, to prevent the violation of any right" of the holder of a registered or unregistered trademark. 15 U.S.C. §§ 1116(a), 1117(a). In the Sixth Circuit, "[i]njunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant's continuing infringement." *Audi AG*, 469 F.3d at 550 (quoting *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir.1988)). A plaintiff seeking a permanent injunction must show that (1) it has suffered irreparable injury, (2) there is no adequate remedy at law, (3) a remedy in equity is warranted when considering the balance of hardships between the parties, and (4) it is in the public's interest to issue the injunction. *Audi*

AG, 469 F.3d at 550 (citing *eBay Inc., et al. v. MercExchange, LLC*, 547 U.S. 388, 126 S.Ct. 1837, 1839, 164 L.Ed.2d 641 (2006)).[5]

22. Defendants would submit that Plaintiff has not suffered irreparable injury; and, it is not in the public's interest to issue the injunction. *Audi AG*, 469 F.3d at 550 (citing *eBay Inc., et al. v. MercExchange, LLC*, 547 U.S. 388, 126 S.Ct. 1837, 1839, 164 L.Ed.2d 641 (2006)).

23. Defendants would submit the hypocycloid is similar in nature to the *Fleur de lis* of the New Orleans Saint. The *Fleur de lis* is routinely associated with the City of New Orleans and the French culture of Louisiana. The National Football League conceded that it would not seek redress with respect to the *Fleur de lis* in a case very similar to the instant case. In an Associated Press article dated February 1, 2010 and titled "**NFL, Louisiana attorney general settle 'Who Dat' misunderstanding,"** the Attorney General of Louisiana stated: "he had a conference call with the NFL's general counsel to discuss cease-and-desist letters that some Louisiana T-shirt makers received from the league. The letters demanded that the businesses stop selling shirts featuring the phrase that's part of a popular cheer by Saints fans, citing trademark infringement. "They've conceded and they've said they have no intention of claiming the fleur-de-lis, which would be ridiculous, or the 'Who Dat,' which would be equally ridiculous," Caldwell said. The article further stated "The NFL is only objecting to shirts that are marketed or presented as an official Saints or NFL product, Caldwell said. Shirts that are black and gold and say "Who Dat" can be sold, he said, if they don't purport to be Saints gear and don't include the team logo."

24. The *Fleur de lis* without the word "Saints" analogous to the hypocycloid without the word "Steelers."

25. The hypocycloid has a generic meaning.

26. A copy of the article documenting the decision of the NFL to forego action with respect to "who

[5] Maker's Mark Distillery Inc v. Diageo North Am. Inc, 703 F.Supp.2d 671, 700 (W.D. Ky., 2010)

dat" and the Saints *Fleur de* lis is attached hereto, incorporated by reference, and marked Exhibit "3

27. Without admitting liability, Defendants pulled all merchandise which is depicted in the photographs supplied as part of the cease and desist letter sent by Plaintiff in November.
28. Defendants believe and therefore aver that they are not in violation of the final order nor are they infringing on Plaintiff's trademark.
29. Defendants would request this Honorable Court to rule that the products produced by Defendants are no infringing material.
30. Defendant believes and therefore avers that the products in issue do not compete with Plaintiff's products or licensed goods. Attached hereto is a verified statement that Defendant contacted Reebok®, exclusive licensee beginning in the 2002 NFL season to manufacture, market and sell NFL licensed merchandise for all NFL teams, with respect to the sale of goods to grocery stores and was advised by Eric Ridgely, outside sales representative that the National Football League policy forbids the sale of licensed merchandise to grocery stores and forbid its resellers to sell directly to grocery stores. Attached hereto is a verified statement of Nicholas V. Wohlfarth stating the contact with Reebok®; the statement is incorporated by reference and marked Exhibit "4."
31. Counsel for Defendant confirms that Plaintiff's counsel advised Defendant that it had no interest in the sale of goods in grocery stores. This was stated at the time of the 2006 settlement.
32. The Third Circuit in the case of A&H Sportswear v. Victoria's Secret Stores,[6] stated:

> For noncompeting goods, we developed a nonexhaustive list of factors to consider in determining whether there is a likelihood of confusion between marks:
> (1) the degree of similarity between the owner's mark and the alleged infringing mark;
> (2) the strength of the owner's mark;

[6] 237 F.3d 198 (3rd Cir., 2000)

(3) the price of the goods and other factors indicative of the care and attention expected of consumers when making a purchase;
(4) the length of time the defendant has used the mark without evidence of actual confusion arising;
(5) the intent of the defendant in adopting the mark;
(6) the evidence of actual confusion;
(7) whether the goods, though not competing, are marketed through the same channels of trade and advertised through the same media;
(8) the extent to which the targets of the parties' sales efforts are the same;
(9) the relationship of the goods in the minds of consumers because of the similarity of function;
(10) other facts suggesting that the consuming public might expect the prior owner to manufacture a product in the defendant's market, or that he is likely to expand into that market.

Id. at 463 (citing Scott Paper Co. v. Scott's Liquid Gold, Inc., 589 F.2d 1225, 1229 (3d Cir. 1978)). Throughout the opinion we will refer to these factors as the "Lapp" factors.[7]

33. Defendants would submit that due to the fact that the NFL prohibits or has in the past prohibited sales in grocery stores, the goods in question are non-competing goods.

Respectfully submitted,

s/W. J. Helzlsouer

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[7] A&H Sportswear v. Victoria's Secret Stores, 237 F.3d 198, 211 (3rd Cir., 2000)

CERTIFICATE OF SERVICE

I, W. J. Helzlsouer, Esquire, do hereby certify, under penalty of perjury, that on January 18, 2011, I served true and correct copies of the foregoing Response to Motion for Sanction via electronic transmission, addressed as follows:

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Date: January 18, 2011